

Minor, Beth

**Subject:** August 19 Council Agenda Consent Questions for Items 5, 6, 8, 12

**Importance:** High



**Council Question Response**

Dear Mayor and Council Members:

On behalf of City Manager Ed Shikada, please find below the staff responses to inquiries made by Council Member Cormack, DuBois, and Tanaka in regard to the August 19, 2019 Council Meeting agenda.

- Item 5: Design Services (Extended) for WQCP Primary Outfall Line
- Item 6: Water Main Replacement 27
- Item 8: Approval of a contract with CivicRec for \$388,875 for Recreation Management System Software
- Item 12: P&S Recommendation to Accept Status Updates of Audits

**Item 5: Design Services (Extended) for WQCP Primary Outfall Line**

Council Member Cormack

- 1. What was the amount of the original contract for Kennedy/Jenks and did it include a contingency?**

The original Kennedy/Jenks contract amount was \$466,318, which included an additional services budget of \$42,393. The project was delayed by extensive interactions with the California State Lands Commission requiring substantially more work than anticipated, even considering the additional services budget. By the time the interactions and work with the Commission were completed, the contract had expired with approximately \$135,000 left unspent, and many important tasks remained to be done. The approximately \$135,000 from the original contract is being used to partially fund the proposed new contract, so that the “new” funding in the contract is about \$145,000 (the proposed contract amount is \$279,660).

Council Member Tanaka

- 1. What caused the Council to adopt the MND on May 21, 2018 and approve the 90% design of the Outfall Line? Why was there no adjustment made before approval?**

The MND (Mitigated Negative Declaration) was needed at that time in order to apply for a low interest State Loan to minimize the cost to Palo Alto and partner community rate payers. Just as important, the MND was needed at that time to show the regulatory

agencies that the negative environmental impacts were minimal, and that they should issue the needed permits.

At the time the MND was released, Palo Alto had received little indication that the California State Lands Commission (CSLC) would have a significant review process. After the MND was released, Staff received extensive comments, questions and information requests from CSLC. City staff and Kennedy/Jenks spent a large amount of time answering CSLC, negotiating with them and working with them to obtain their approval of the lease amendment.

**2. How much of the original budget was spent by Kennedy/Jenks on assisting the City in responding to CSLC inquiries about the project?**

Staff is not immediately able to separate the time spent on CSLC induced work and other design and CEQA work going on at that time. Staff was not anticipating that the CSLC work would be so extensive, and had not set up the bookkeeping to separate out the CSLC induced work. Staff will continue to work on separating the two. However, the expired contract had approximately \$135,000 in unexpended funds at the time of its expiration. These funds, and about \$145,000 in additional "new" funding, make up the \$279,660 amount of the proposed new contract. On a simple basis, it is fair to say that the consultant work and additional project management time responding to CSLC cost approximately \$145,000 (the amount of additional funding required).

**3. Will the requested \$279,660 be paid in one lump sum or small payments?**

The funds will be paid out in response to invoices on a monthly basis, not in a lump sum.

**4. How long will it take for Kennedy/Jenks to complete the redesign of the Outfall Line, if provided with the requested budget?**

The design will take approximately three months to complete.

**5. Why were the CSLC requirements related to the PAO Airport Lease unexpected? How can we prevent this from happening in the future?**

There was no indication that CSLC had a significant interest in this project until the MND was released for public comment and CSLC began to submit comments, questions and requests for information and inspections. Palo Alto's previous experience had been that the CSLC did not make substantive comments and that their involvement on projects was purely ministerial. But that has, very recently, changed. CSLC has been criticized by the California State Auditor for not playing a larger regulatory role and charging project owners to recover the increased staff costs of doing so. Staff had not been made aware that CSLC intended to become a major reviewer, questioning design details and dictating maintenance frequencies. Looking to the future, Staff now knows what to expect and will build in more funding and time for projects of this type.

**6. How much more would it cost to hire another contractor to finish the design?**

Staff believes that it would cost substantially more money and time to have another consultant take over at this point. The project's design is too far along. This option is discussed in the staff report, but it does not appear feasible. We do not expect other consultants would want to get involved in a project that is so far along in its design, with

such level of complexity in permitting agency coordination. It is anticipated that an RFP for a solicitation for a new consultant would not generate responses from consultants other than Kennedy/Jenks.

## **Item 6: Water Main Replacement 27**

### Council Member Cormack

- 1. Ranger Pipeline's estimated price for Optional/Add alternate bid 1 is 27% of the engineer's estimate and substantially below the other bids. Is there any reason to be concerned about potential change orders for this set of tasks?**

The bid items included in Optional/Add Alternate Bid 1 were created to establish unit prices for unanticipated work that may happen occasionally, based on previous experience. The advantage of getting these prices during the competitive bidding process is that typically better pricing is obtained in the bidding process than if you were negotiating a change order during construction. Ranger would not be entitled to negotiate changes to these prices for work performed per the bid item table.

### Council Member DuBois

- 1. Can Staff send Council the prioritized list of water mains that will need replacement? How was this area chosen as the #1 priority?**

The water CIP map

(<http://cityofpaloalto.org/civicax/filebank/blobdload.aspx?t=52867.63&BlobID=73039>)

shows the prioritized water main replacement projects within the next 5 years. Staff will continue assessing the condition of water mains recommended to be replaced from the 2015 study and include these mains in the future replacement program.

This area was selected to be replaced first for the following reasons: the pipes on Sandhill Road are asbestos concrete pipe which is prone to failure during seismic events, they are located in a known area with seismic vulnerability, the pipeline provides service to a critical health facility (Stanford Hospital), and the pipeline is being replaced ahead of the planned Public Works street paving project. The aging cast iron pipes on Fulton Street were prioritized to be replaced based on the risk of failure analysis.

### Council Member Tanaka

- 1. What are the specific projects that Ranger Pipelines has completed that have to do with HDPE pipelines?**

The following projects involving installation of HDPE pipes were completed by Ranger Pipelines, Inc. within past 3 years:

- i. Upgrade Downtown, City of Palo Alto (includes installation of both gas and water HDPE mains), completed in March 2019;
- ii. Water Main Replacement Project, Genentech, 1 DNA Way, South San Francisco, completed in 2017;

iii. Sanitary Sewer Rehabilitation Project #27, City of Palo Alto, completed in February 2018.

**2. The report mentions that Cratus Inc. wasn't picked because they "failed to submit required qualification forms...and references of water/gas HDPE fusion projects satisfactorily completed in the last three years." This implies that this was something that had to be submitted before bidding, so why was Cratus allowed to bid in the first place?**

City required the bidders to submit their bids and qualification forms at the same time. City reviews submitted bid documents, including qualification forms, only after the bid opening day. Qualification requirements are listed in the bid documents, so potential bidders are aware of the requirements prior to preparation of their bid.

**3. Is this project of the utmost importance? In other words, are these pipelines extremely dangerous?**

We are not aware of any pipes that pose an imminent risk of danger. This project is part of Council approved Capital Improvement Program designed to increase the reliability of the water distribution system, improve the quality of supplied water, and increase the required flow and pressure for fire protection. The water mains being replaced as part of this project have been prioritized by staff for replacement because, based on staff's risk assessment, they pose a greater risk of failure.

This area was selected to be replaced for the following reasons: the pipes on Sandhill Road are asbestos concrete pipe which is prone to failure during seismic events, they are located in a known area with seismic vulnerability, the pipeline provides service to a critical health facility (Stanford Hospital), and the pipeline is being replaced ahead of the planned Public Works street paving project. The aging cast iron pipes on Fulton Street were prioritized to be replaced based on the risk of failure analysis.

**4. Roughly \$500,000 is requested for unforeseen work. What does that include?**

The contingency amount is \$414,644, or 10% of the contract amount, as is typically set for construction projects. There is some level of unanticipated or unforeseen conditions encountered on a construction job site. Any changes to the original scope of work caused by unforeseen conditions or circumstances will be covered by the 10% contingency. As can be seen in Attachment B of the report, there are estimates of linear feet and quantity of equipment to be installed in each line item of the bid, these are estimates and final invoicing will be based on the actual installed amounts, which may be higher than estimated. During construction there are often previously unknown utilities, obstructions and ground conditions that require changes in how construction will proceed. All these types of things will lead to change orders that may need additional budget. A contingency fund is necessary to prevent significant delays in the project for these unforeseen conditions. Otherwise, these delays could result in longer road closure/disruption and create hazardous conditions. Any unspent contingency funds are returned to reserves at the end of the project.

**Item 8: Approval of a contract with CivicRec for \$388,875 for Recreation Management System Software**

Council Member Cormack

- 1. How will the transition from ActiveNet to CivicRec affect existing customer account information? For example, will ActiveNet retain any customer data and will customers need to create new accounts and re-enter information for CivicRec (names, addresses, birthdates, etc.)?**

ActiveNet accounts that have been active within the past twelve months will be automatically transferred to the new system. These users will be able use the email address associated with their ActiveNet account to log in to CivicRec. Customers will be prompted to create a new password on their first login. Customers who have not used their ActiveNet account in the past twelve months will need to create a new account with CivicRec. Staff will roll out a robust marketing campaign during the fall and winter to ensure that customers know how to use our new system. ActiveNet will not retain the City's customer data.

**Item 12: P&S Recommendation to Accept Status Updates of Audits**

Council Member Cormack

- 1. Can you please clarify which audits we are accepting on 8/19 (the item names some but not all of the audits in the October 2018 minutes and there is no link provided for the June 11th meeting) and what is coming as an action item on 9/9?**

There are five audit updates recommended to be accepted by the City Council on August 19th – Citywide Cash Handling and Travel Expense; Cable Franchise and Public, Education and Government (PEG) Fees; Continuous Monitoring: Payments Audit; Utility Meters; and Inventory Management. These audit updates were reviewed and accepted by the Policy and Services (P&S) Committee in October 2018, however, the final transmittal of this report to the full Council was overlooked and staff is now closing the loop.

The action item scheduled to be considered on September 9th, is the new status report update that went to P&S Committee on June 11 – updates are provided every six months. At this meeting, the audit updates were accepted with a 2:1 vote, and therefore are anticipated to be an action item. The June 11th item and minutes can be found in the links below.

Staff Report:

<https://www.cityofpal Alto.org/civicax/filebank/blobdload.aspx?t=41811.48&BlobID=71684>

Minutes:

<https://www.cityofpal Alto.org/civicax/filebank/blobdload.aspx?t=42594.3&BlobID=72650>

